

MARTIN YATES, III
1912 - 1985
FRANK W. YATES
1936 - 1986



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (505) 748-1471

S. P. YATES
CHAIRMAN OF THE BOARD
JOHN A. YATES
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RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

February 16, 2001

22

Engineering Bureau
State of New Mexico
OIL CONSERVATION DIVISION
2040 S. Pacheco Street
Santa Fe, NM 87504-5472

Re: Administrative Order SWD-791
Sand Springs ASU State #3
Unit J of Sec. 11-T11S-R34E
Lea County, New Mexico

Dear Engineering Bureau:

Yates Petroleum Corporation received Administrative Order SWD-791 for Sand Springs ASU State #3 to permit injection of produced water into Morrow formation and Devonian formation. Yates requested disposal of produced Devonian, Morrow, and Atoka water into the Devonian. We believe this SWD order is incorrect, please re-evaluate and send us a corrected copy.

Enclosed you will find the SWD order and a copy of the application. Thanks for your help in this matter. If you have any questions, feel free to call me at (505) 748-4182.

Sincerely,

James W. Pringle
Operations Engineer

JWP/th

Enclosure



Jim P.

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

ADMINISTRATIVE ORDER SWD-791

***APPLICATION OF YATES PETROLEUM CORPORATION FOR PRODUCED
WATER DISPOSAL, LEA COUNTY, NEW MEXICO.***

**ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION**

Under the provisions of Rule 701(B), Yates Petroleum Corporation made application to the New Mexico Oil Conservation Division on November 3, 2000, for permission to dually complete for produced water disposal its Sand Springs ASU State Well No. 3 (**API No. 30-025-34861**) located 1500 feet from the South line and 1500 feet from the East line (Unit J) of Section 11, Township 11 South, Range 34 East, NMPM, Lea County, New Mexico.

THE DIVISION DIRECTOR FINDS THAT:

- (1) The application has been duly filed under the provisions of Rule 701(B) of the Division Rules and Regulations;
- (2) Satisfactory information has been provided that all offset operators and surface owners have been duly notified;
- (3) The applicant has presented satisfactory evidence that all requirements prescribed in Rule 701 will be met; and
- (4) No objections have been received within the waiting period prescribed by said rule.

IT IS THEREFORE ORDERED THAT:

The applicant herein, is hereby authorized to dually complete its Sand Springs ASU State Well No. 3 (**API No. 30-025-34861**) located 1500 feet from the South line and 1500 feet from the East line (Unit J) of Section 11, Township 11 South, Range 34 East, NMPM, Lea County, New Mexico, in a such manner as to permit the injection of produced water for disposal purposes into the Morrow formation from approximately 12,138 feet to 12,196 feet through 2 3/8 inch plastic-lined tubing set in a packer located at approximately 12,038 feet, and Devonian formation from approximately 13,184 feet to 13,400 feet through 2 3/8 inch plastic-lined tubing set in a packer located at approximately 13,100 feet.

IT IS FURTHER ORDERED THAT:

The operator shall take all steps necessary to ensure that the injected water enters only the proposed injection interval and is not permitted to escape to other formations or onto the surface.

Prior to commencing injection operations into the well, the casing shall be pressure tested from the surface to the packer setting depth to assure the integrity of said casing.

The casing-tubing annulus shall be loaded with an inert fluid and equipped with a pressure gauge at the surface or left open to the atmosphere to facilitate detection of leakage in the casing, tubing, or packer.

The injection well or system shall be equipped with a pressure limiting device which will limit the wellhead pressure on the injection well to no more than 2428 psi.

The Director of the Division may authorize an increase in injection pressure upon a proper showing by the operator of said well that such higher pressure will not result in migration of the injected fluid from the Morrow or Devonian formations. Such proper showing shall consist of a valid step-rate test run in accordance with and acceptable to this office.

The operator shall notify the supervisor of the Hobbs district office of the Division of the date and time of the installation of disposal equipment and of any mechanical integrity test so that the same may be inspected and witnessed.

The operator shall immediately notify the supervisor of the Hobbs district office of the Division of the failure of the tubing, casing, or packer in said well and shall take such steps as may be timely and necessary to correct such failure or leakage.

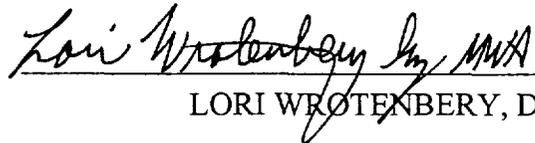
PROVIDED FURTHER THAT, jurisdiction is retained by the Division for the entry of such further orders as may be necessary for the prevention of waste and/or protection of correlative rights or upon failure of the operator to conduct operations (1) to protect fresh water or (2) consistent with the requirements in this order, whereupon the Division may, after notice and hearing, terminate the injection authority granted herein.

The operator shall submit monthly reports of the disposal operations on Division Form C-115, in accordance with Rule Nos. 706 and 1120 of the Division Rules and Regulations.

The injection authority granted herein shall terminate one year after the effective date of this order if the operator has not commenced injection operations into the subject well, provided however, the Division, upon written request by the operator, may grant an extension thereof for good cause shown.

Administrative Order SWD-791
Yates Petroleum Corporation
November 20, 2000
Page 3

Approved at Santa Fe, New Mexico, on this 20th day of November, 2000.


LORI WROTENBERY, Director

LW/MWA/kv

cc: Oil Conservation Division – Hobbs
New Mexico State Land Office – Oil and Gas Division

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October 31, 2000

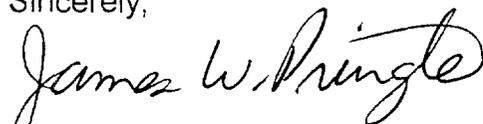
Mark Ashley
State of New Mexico
OIL CONSERVATION DIVISION
2040 S. Pacheco Street
Santa Fe, NM 87505-5472

Dear Mr. Catanach,

Enclosed please find a copy of form C-108 (Application for Authority to Inject) for the proposed Sand Springs ASU State #3 located in Unit J of Section 11-T11S-R34E, Lea County, New Mexico.

Should you have any questions, please feel free to contact me at (505) 748-4182.

Sincerely,



James W. Pringle
Operations Engineer

JWP/th

Enclosure

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October 31, 2000

Chris Williams
State of New Mexico
OIL CONSERVATION DIVISION
1625 N. French Drive
Hobbs, NM 88240

Dear Mr. Williams,

Enclosed please find a copy of form C-108 (Application for Authority to Inject) for the proposed Sand Springs ASU State #3 located in Unit J of Section 11-T11S-R34E, Lea County, New Mexico.

Should you have any questions, please feel free to contact me at (505) 748-4182.

Sincerely,

A handwritten signature in cursive script that reads 'James W. Pringle'.

James W. Pringle
Operations Engineer

JWP/th

Enclosure